



August 25, 2014

Item No. 8

**AUTHORIZATION FOR THE CHA TO ENTER INTO A CONTRACT WITH ERNST & YOUNG, LLP
FOR INDEPENDENT AUDITING SERVICES**

RECOMMENDATION

It is recommended that the Board of Commissioners authorize the Chief Executive Officer or his designee to enter into a contract with Ernst & Young, LLP (Ernst & Young) to provide independent professional auditing services for a two-year base term for a firm fixed fee of \$1,597,600.00, with three (3) one year extension options reserved to the Chicago Housing Authority (CHA).

The Executive Vice President (EVP of Finance), the Office of the General Counsel and Department of Procurement and Contracts have completed all necessary due diligence to support the submission of this initiative and recommend the approval of this item accordingly.

CORPORATE GOAL

The CHA is required to undergo an annual audit in conformity with Government Auditing Standards issued by the Comptroller General of the United States and provisions provided in the Office of Management and Budget Circular A-133. The audit is used to determine whether the CHA's financial data can be relied upon and the requirement promotes sound financial management, including effective internal control, with respect to federal awards administered by United States Department of Housing & Urban Development, the state and local governments and not-profit-organizations.

FUNDING: General Funds

SOLICITATION SUMMARY :

Request for Proposal No. 14-01348

Vendor: Ernst & Young LLP

Brian Ofenloch

155 North Wacker Drive

Chicago, Illinois 60606

Contract Type: Professional Auditing Services

Base Contract Amount: \$1,597,600.00 (Firm Fixed Fee)

Base Contract Period: 2 Years

Option Years: Three (3) One Year Options

Solicitation Release Date: June 13, 2014

Days Advertised: 27

Pre-Bid/Proposal Date: June 19, 2014

Solicitation Due Date: July 9, 2014

Vendor List: Eight (8)

Respondents: Four (4)

The evaluation process for the proposals included the following process:

Initial Evaluation:

A team of five (5) CHA staff members scored each of the four (4) proposals received. Based on the total points awarded from the initial evaluation group, the two respondents in the competitive range, as identified by Department of Procurement and Contracts staff, were then sent to a second evaluation team.

Second Evaluation:

The second evaluation team, consisting of the Audit Committee chair and a second Audit Committee member, reviewed and scored the two proposals submitted from the top two respondents. Additionally, Oral Presentations were heard and scored by the second evaluation team. The Department of Procurement & Contracts scored Section 3 Hiring Plans and the Proposed Fee sections of the submittal.

Finally, Best & Final Offers were scored by the Department of Procurement and Contracts staff.

All scores for each of the final two respondents were tabulated by Department of Procurement and Contracts staff and the recommended awardee was identified.

M/W/DBE Participation

Direct N/A MBE 10% WBE 10%

Indirect MBE WBE Waiver No

Section 3: () Hiring () Subcontracting (X) Other Economic Opportunities

GENERAL BACKGROUND /EXPLANATION

The Ernst & Young contract is for independent audit on CHA general purpose financial statements, including Statement of Net Assets and Statement of Revenues, Expenses and Changes in Net Assets, as well as CHA federal program revenues and expenditures in accordance to OMB Circular A-133, Audits of States, Local Governments and Non-profit Organizations.

Ernst & Young has a proven track record with the CHA. This is the third external audit solicitation the CHA has released in the past nine years that the contract has been awarded to Ernst & Young. The incumbent firm has consistently provided excellent service relating to the financial and A-133 audits while providing the Authority with professional guidance when implementing new Governmental Accounting Standard Board pronouncements and HUD reporting regulations.

The Board action recommended in this item complies in all material respects with all applicable Chicago Housing Authority board policies and all applicable federal (HUD) procurement laws.

The EVP of Finance concurs with the recommendation enter into a contract with Ernst & Young for a two year base term with a firm fixed fee amount of \$1,597,600.00, with three (3) one year extension options reserved to the CHA.

The CEO/President recommends the approval to execute the contract with Ernst & Young for a two-year term for the firm fixed fee of \$1,597,600.00, with three (3) one year extension options reserved to the CHA.

RESOLUTION NO. 2014-CHA-97

WHEREAS, the Board of Commissioners has reviewed the Board Letter dated August 25, 2014 entitled **"AUTHORIZATION FOR THE CHA TO ENTER INTO A CONTRACT WITH ERNST & YOUNG, LLP FOR INDEPENDENT AUDITING SERVICES"**;

THEREFORE, BE IT RESOLVED BY THE CHICAGO HOUSING AUTHORITY

THAT the Board of Commissioners authorizes the Chief Executive Officer or his designee to enter into a two-year base term contract with Ernst & Young, LLP for a firm fixed fee in the amount of \$1,597,600.00, with three (3) one year extension options reserved to the CHA.

This award is subject to the Contractor's compliance with the CHA's MBE/WBE/DBE, Section 3 requirements, and insurance requirements



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